



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

6 June 2020

To All Members

KEY MIA PROPOSALS TAKEN UP IN GOVERNMENT'S RM35 BILLION SHORT-TERM ECONOMIC RECOVERY PLAN

On 5 June 2020, Prime Minister Tan Sri Muhyiddin Yassin unveiled a stimulus package of RM35 billion in the Government's Short-term Economic Recovery Plan (ERP) that aims to help the economy recover from the impacts of the COVID-19 pandemic and the subsequent Movement Control Order (MCO) and Conditional Movement Control Order (CMCO). Out of this, RM10 billion will be in the form of direct fiscal injections by the Government.

The ERP, or Pelan Jana Semula Ekonomi Negara (PENJANA), was established with three main thrusts: to empower the people, to propel businesses and to stimulate the economy. The key features of PENJANA are expected to benefit the accountancy profession and its stakeholders, as well as our larger agenda of sustainable nation building. Please refer to the booklet [HERE](#) for details of the 40 initiatives under PENJANA.

KEY MIA PROPOSALS UNDER PENJANA

We are pleased to note that some of our proposals to the Government on post-MCO measures to build capacity and ensure business continuity and socioeconomic wellbeing have been taken up under PENJANA as follows:

- 1) Continuation of wage subsidy schemes to reduce cost of doing business and ease cash flow burden**
 - The wage subsidy scheme has been extended for a further three months, with a subsidy of RM600 per month per employee up to a maximum of 200 employees for all eligible employers.

- 2) To train and upskill employees to prepare for economic recovery**
 - RM2 billion allocated for reskilling and upskilling programmes to enhance employability of unemployed workers and youths.

- 3) Tax-free regime to incentivise new investors, especially global companies, to establish new operation sites in Malaysia**
 - 0% tax rate for 10 years for new investments in manufacturing sectors with capital investment between RM300 million to RM500 million, and 0% tax rate for 15 years for capital investment above RM500 million.
 - This incentive is given to new companies that commence operations within one year after approval date and the investment amount must be made within 3 years.
 - Existing companies in Malaysia that relocate their overseas facilities to Malaysia with capital investment above RM300 million qualify for investment tax allowance of 100% for 5 years.
 - Both incentives are eligible for applications received between 1 July 2020 to 31 December 2021.



4) Incentives for digitalisation of companies and remote work post-MCO

- Further tax deduction for employers which implement flexible work arrangements (FWA) or undertake enhancement of their existing FWAs effective 1 July 2020.
- A grant of RM140 million has been allocated for digitalisation of SMEs, in the forms of subsidy and sales support to the sellers and digital discount vouchers, via a co-funded programme with MDEC and selected e-commerce platforms.

5) Reduction of Sales and Service Tax (SST) to boost consumption

- 100% sales tax exemption for purchase of locally assembled passenger cars and 50% sales tax exemption for fully-imported passenger cars from 15 June 2020 to 31 December 2020.
- Extension of service tax exemption for hotels to 30 June 2021.

6) Stamp duty exemption on any instruments executed for Mergers and Acquisitions (M&A)

Stamp duty exemption for SMEs on any instruments executed for M&A for the period from 1 July 2020 to 30 June 2021, which is in line with our proposal made to the Ministry of Finance for the 2021 Budget Consultation.

MIA SUPPORTS REGULATORY ENHANCEMENT FOR SOCIOECONOMIC REVIVAL

As a regulatory body, MIA fully supports and adheres to the Government's policies and announcements. In addition, MIA welcomes the Government efforts to enhance oversight and regulation for good governance and socioeconomic revitalisation.

This includes the Government's pending introduction of a COVID-19 Temporary Measures Act to minimise disruption to social and economic well-being and to provide relief from certain contractual obligations and financial distress for the revival of the economy. The Institute has been and continues to be proactive in providing feedback on the constraints of existing laws that are prohibiting members from meeting ongoing obligations due to the COVID-19 pandemic and its containment measures. The said Bill is expected to be tabled at the Parliament in July 2020.

MIA also welcomes the oversight of the PENJANA talent and jobs initiatives by Jawatankuasa Khas Pekerjaan Nasional, which will be chaired by the Finance Minister and the Human Resource Minister with representation from relevant stakeholders in the private and public sectors. As the developer of the accountancy profession which plays a key role in the economy and nation building, MIA looks forward to sharing further insights and recommendations for capacity building and innovation in the jobs and talent development space.

Click [HERE](#) for the Prime Minister's speech.

MIA continues to offer support through its various digital channels, including e-updates, e-Accountants Today and Social Media which provide essential resources, updates and guidance, including relevant information pertinent to our members and stakeholders. Members are also encouraged to engage with the Institute via the MIA Telegram Channel. To join in the MIA Telegram Channel, please download Telegram using the Android Google Play or Apple Play Store to set up an account. Once the account is set up, please click on this [link](#) to join the MIA Telegram Broadcast (Official) channel.



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